

City of Reno

Monthly Investment Report

November 30, 2021

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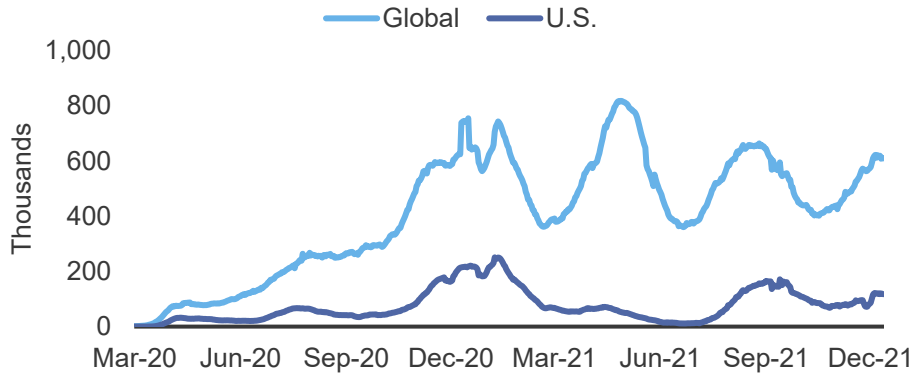
PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

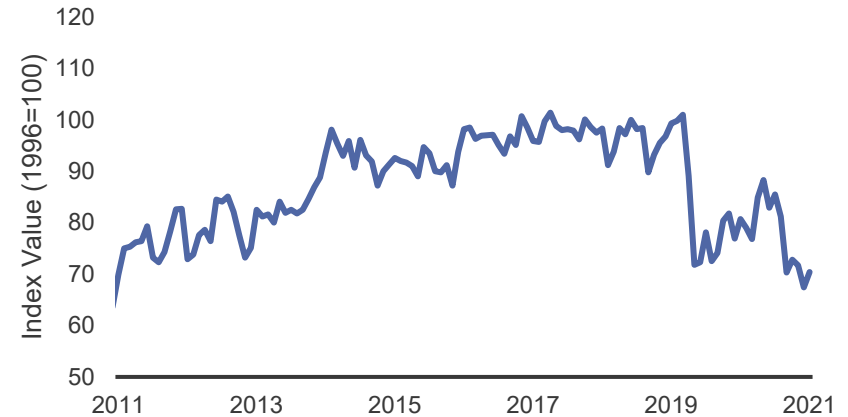
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Current Economic Conditions

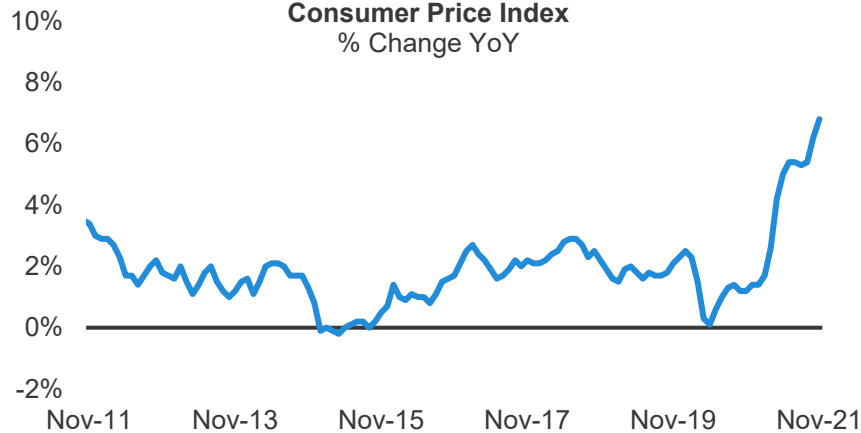
U.S. New Cases Reported Daily
7-Day Moving Average



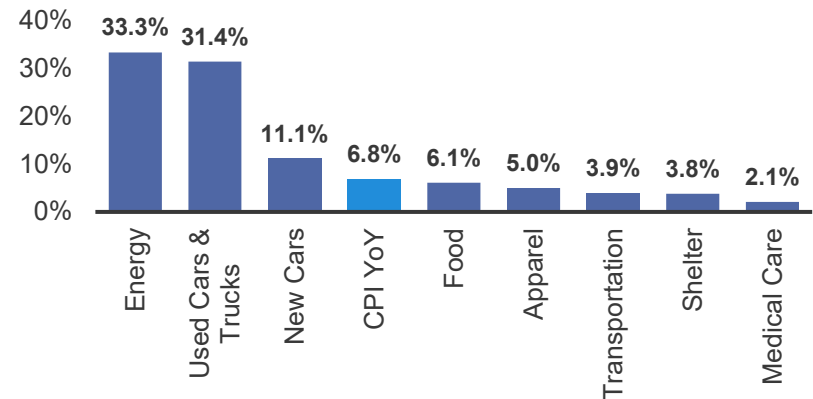
Index of Consumer Sentiment



Consumer Price Index
% Change YoY



Key Consumer Price Index Components
% Change YoY



Source: Bloomberg, John Hopkins University Coronavirus Resource Center, as of 12/13/2021 (top left). Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of December 2021 (top right). Bloomberg, as of November 2021 (bottom left and right).

Current Market Themes

- ▶ U.S. economic conditions in November were characterized by:
 - Pickup in Covid-19 cases with Omicron designated a variant of concern
 - High inflation, depressed consumer confidence, and slow payroll growth
 - Fed considers doubling pace of tapering; possibility of earlier rate liftoff
- ▶ The U.S. Treasury yield curve continued to “bear flatten” in November, as yields on shorter-dated securities increased while yields on maturities greater than three years declined. The 2-year Treasury ended the month with a yield of 0.57%, an increase of 7 basis points (0.07%) from the start of the month. The 30-year Treasury yield fell to 1.79%, its lowest level since January of this year.
- ▶ U.S. hiring slowed in November while the jobless rate fell to 4.2%. The economy added 210,000 jobs which was well below economists’ expectations for 550,000.
- ▶ Consumers expressed less optimism about their economic prospects and the overall economy than any other time since 2011. Rising costs of living from persistent high inflation and variant concerns has led to depressed consumer attitudes. Consumers have a strong desire nonetheless (buttressed by strong consumer finances and accumulated savings) to spend during the holidays, but as inflation is expected to linger for longer, potential spending cutbacks due to rising inflation might impede growth in the following year.
- ▶ The risk of persistently elevated inflation is growing, and this has led to several Fed officials calling for a faster taper. In testimony before the Senate Banking Committee on November 30, Fed chair Powell indicated that “it is appropriate” to discuss accelerating the tapering of asset purchases to end “a few months sooner.”
- ▶ Omicron variant related cases and accelerated anticipation of the end of accommodative monetary policy weighed on investor sentiment and led to a late-month equity selloff. The S&P 500 and NASDAQ largely weathered the risk-off shift declining 0.7% and advancing 0.3%, respectively. The bulk of selling was focused in the Dow Jones Industrial Average, which tumbled 3.5%.

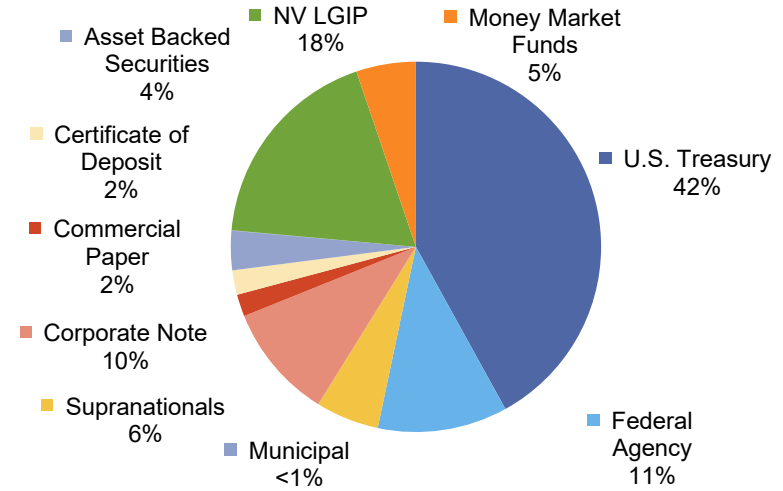
City of Reno Funds	Market Value ¹
Core Portfolio	\$315,213,513
Liquidity Portfolio	\$21,044,681
Liquid Funds	\$103,680,256
<i>Nevada LGIP</i>	<i>\$80,764,447</i>
<i>U.S. Bank</i>	<i>\$1,589,438</i>
<i>Bank of America</i>	<i>\$21,326,372</i>
Managed Account Subtotal	\$439,938,450
Reserve Fund Portfolios	\$12,780,484
Total	\$452,718,934

1. Market Values exclude accrued interest

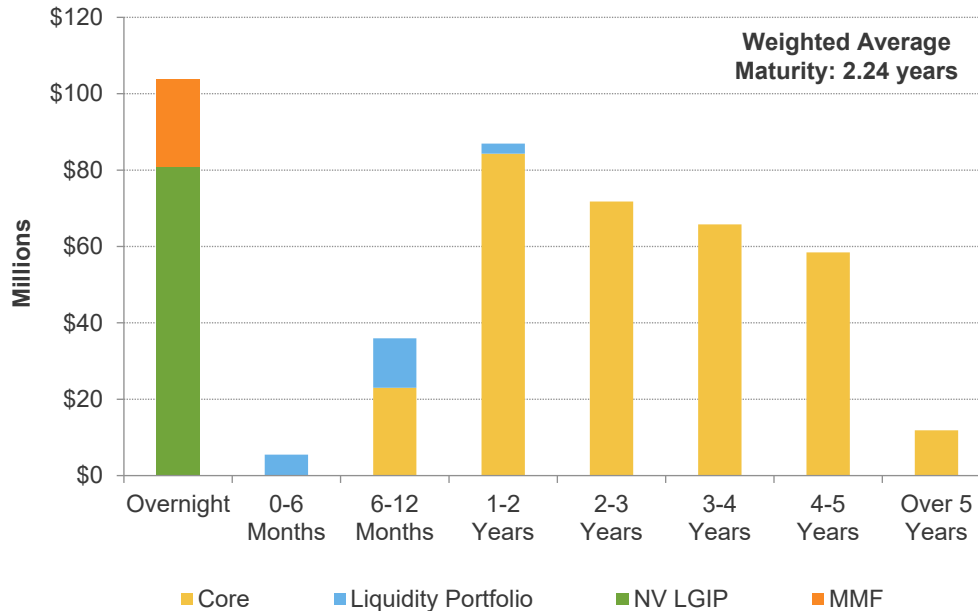


Account Summary	Ending Values as of 10/31/21	Ending Values as of 11/30/21
Market Value	\$443,924,681	\$439,938,450
Book Value	\$443,308,528	\$440,701,772
Unrealized Gain/(Loss)	(\$383,847)	(\$763,322)
Yield at Market	0.77%	0.83%
Yield at Cost	0.87%	0.84%

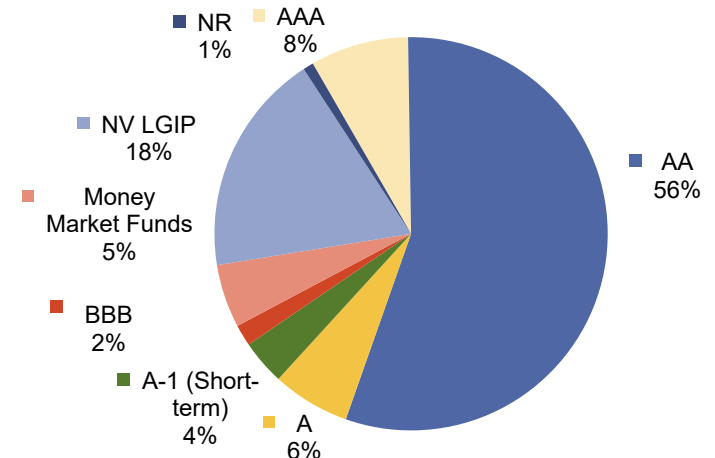
Allocation by Security Type



Maturity Distribution



Credit Quality (S&P Ratings)



- Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
- Money Market Funds include the Bank of America and U.S. Bank balances.
- The weighted average yield at market and yield at cost excludes Liquid Funds.

Security Type and Maturity Analytics^{1,2,3,4}

City of Reno as of
11/30/21

Security Type	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$184,646,756	42.0%	100%
Federal Agency	\$49,890,354	11.3%	100%
Supranationals	\$24,329,874	5.5%	15%
Corporate Note	\$44,276,345	10.1%	20%
Commercial Paper	\$8,488,986	1.9%	20%
Certificate of Deposit	\$9,395,304	2.1%	30%
Asset Backed Securities	\$15,047,110	3.4%	30%
Municipal	\$183,465	<0.1%	20%
NV LGIP	\$80,764,447	18.4%	100%
Money Market Funds	\$22,915,810	5.2%	100%
Total Market Value	\$439,938,450	100%	

Maturity	Market Value	% of Portfolio	Permitted by Policy
Overnight	\$103,680,256	23.6%	No Limit
0-6 Months	\$5,497,900	1.2%	No Limit
6-12 Months	\$35,943,287	8.2%	No Limit
1-2 Years	\$86,930,632	19.8%	No Limit
2-3 Years	\$71,776,554	16.3%	No Limit
3-4 Years	\$65,799,194	15.0%	No Limit
4-5 Years	\$58,453,839	13.3%	No Limit
Over 5 Years	\$11,856,788	2.7%	No Limit
Total Market Value	\$439,938,450	100.00%	

Accrual Basis Earnings ⁴	10/31/21 through 11/30/21
Total Estimated Earnings	\$204,730

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
2. Money Market Funds include the Bank of America and U.S. Bank balances.
3. Investment policy dated October 2021.
4. Excludes earnings on Liquid Funds.

Issuer Diversification^{1,2,3,4}

City of Reno as of
11/30/21

Issuer	Market Value	% of Portfolio	Permitted by Policy
U.S. Treasury	\$184,646,756	42.0%	100%
Nevada LGIP	\$80,764,447	18.4%	100%
Federal National Mortgage Association	\$26,671,618	6.1%	100%
Money Market Funds	\$22,915,810	5.2%	100%
Federal Home Loan Mortg Corporation	\$19,473,876	4.4%	100%
Inter-American Development Bank	\$7,465,173	1.7%	15%
Asian Development Bank	\$5,722,022	1.3%	0%
Intl Bank Of Reconstruction And Dev	\$5,625,187	1.3%	15%
African Development Bank	\$5,517,492	1.3%	0%
Toyota Motor Corp	\$3,853,956	0.9%	5%
JPMorgan Chase & Co	\$3,851,866	0.9%	5%
Credit Suisse Group	\$3,141,256	0.7%	5%
Goldman Sachs Group Inc	\$2,791,082	0.6%	5%
Bmw Financial Services Na Llc	\$2,622,347	0.6%	5%
Bank Of New York Mellon	\$2,445,356	0.6%	5%
Blackrock Inc.	\$2,291,297	0.5%	5%
Federal Home Loan Bank	\$2,170,384	0.5%	100%
American Honda Finance	\$1,843,067	0.4%	5%
Burlington Northern Santa Fe	\$1,772,993	0.4%	5%
Bank Of America Co	\$1,723,588	0.4%	5%
AstraZeneca Finance LLC	\$1,578,237	0.4%	5%
Government National Mortg Association	\$1,574,476	0.4%	100%
Novartis Capital Corp	\$1,522,302	0.3%	5%
Skandinaviska Enskilda Banken Ab	\$1,516,772	0.3%	5%
Barclays Bank	\$1,500,219	0.3%	5%
Mizuho Financial Group Inc.	\$1,499,705	0.3%	5%
Natixis NY Branch	\$1,497,002	0.3%	5%
Mitsubishi Ufj Financial Group Inc	\$1,496,777	0.3%	5%
Amazon.Com Inc	\$1,487,440	0.3%	5%
Capital One Financial Corp	\$1,435,283	0.3%	5%
Carmax Auto Owner Trust	\$1,411,992	0.3%	5%
Kubota Credit Owners Trust	\$1,393,041	0.3%	5%
Citigroup Inc	\$1,332,312	0.3%	5%
Abbott Laboratories	\$1,317,306	0.3%	5%
The Walt Disney Corporation	\$1,303,119	0.3%	5%
CNH Equipment Trust	\$1,301,220	0.3%	5%
Verizon Owner Trust	\$1,271,904	0.3%	5%
DNB Bank	\$1,269,981	0.3%	5%
BB&T Corporation	\$1,260,901	0.3%	5%

Issuer	Market Value	% of Portfolio	Permitted by Policy
Morgan Stanley	\$1,255,129	0.3%	5%
Wal-Mart Stores Inc	\$1,236,295	0.3%	5%
American Express Co	\$1,185,929	0.3%	5%
Caterpillar Inc	\$1,174,709	0.3%	5%
Deere & Company	\$1,125,724	0.3%	5%
Discover Financial Services	\$1,093,596	0.2%	5%
General Dynamics Corp	\$1,071,628	0.2%	5%
Charles Schwab	\$1,052,165	0.2%	5%
US Bancorp	\$1,035,610	0.2%	5%
Comcast Corp	\$1,022,484	0.2%	5%
UBS AG	\$999,590	0.2%	5%
Bank Of Montreal	\$999,348	0.2%	5%
PNC Financial Services Group	\$988,869	0.2%	5%
Sumitomo Mitsui Financial Group Inc	\$967,310	0.2%	5%
World Omni Auto Rec Trust	\$913,816	0.2%	5%
Wells Fargo & Company	\$902,374	0.2%	5%
Apple Inc	\$897,412	0.2%	5%
Chevron Corporation	\$815,917	0.2%	5%
Hyundai Auto Receivables	\$726,517	0.2%	5%
Honda Auto Receivables	\$714,856	0.2%	5%
Gm Financial Securitized Term	\$648,383	0.1%	5%
Unilever Plc	\$505,704	0.1%	5%
Verizon Communications	\$487,089	0.1%	5%
Lockheed Martin Corp	\$462,432	0.1%	5%
Nissan Auto Receivables	\$445,049	0.1%	5%
Mercedes-Benz Auto Lease Trust	\$438,968	0.1%	5%
IBM Corp	\$378,603	0.1%	5%
John Deere Owner Trust	\$332,057	0.1%	5%
Pepsico Inc	\$300,574	0.1%	5%
Paccar Financial Corp	\$280,562	0.1%	5%
Bristol-Myers Squibb Co	\$238,445	0.1%	5%
Harley-Davidson Motorcycle Trust	\$185,715	0.0%	5%
State of Mississippi	\$183,465	0.0%	5%
Fifth Third Auto Trust	\$153,349	0.0%	5%
Ford Credit Auto Lease Trust	\$153,288	0.0%	5%
Adobe Inc	\$146,896	0.0%	5%
Capital One Prime Auto Rec Trust	\$139,035	0.0%	5%
Total Market Value	\$439,938,450		

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.

2. Money Market Funds include the Bank of America and U.S. Bank balances.

3. Investment policy dated October 2021.

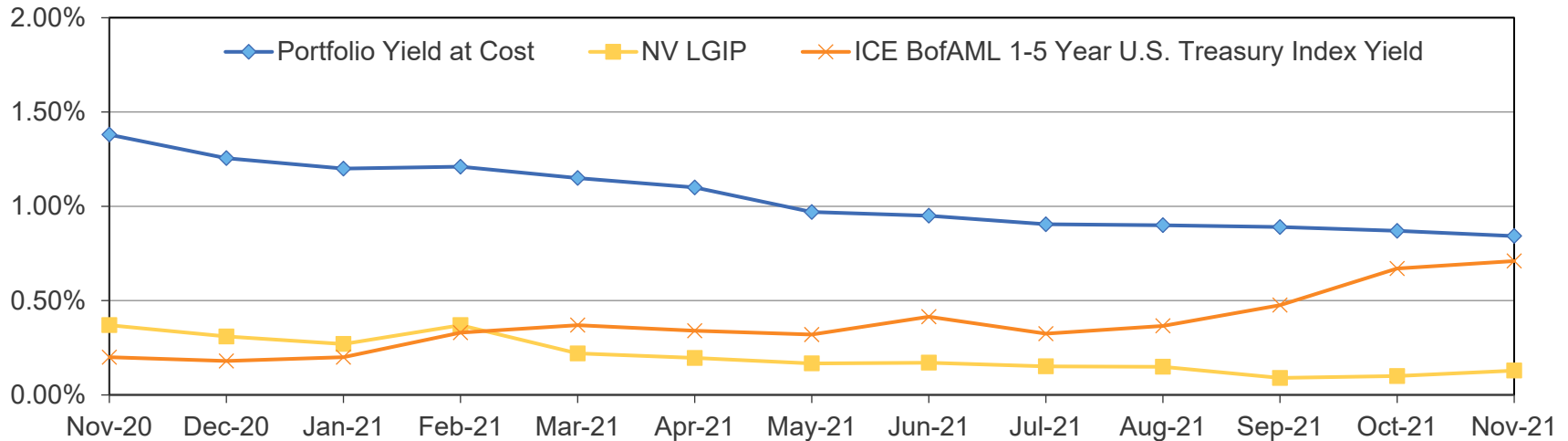
4. Securities issued by the Asian Development Bank and the African Development are compliant as they were purchased prior to the City's October 2021 investment policy update.

Portfolio Yield Summary

City of Reno as of
11/30/21

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Jun-21	\$410,888,765	0.95%	2.48	0.17%	0.41%
Jul-21	\$403,445,736	0.91%	2.47	0.15%	0.32%
Aug-21	\$400,672,279	0.90%	2.41	0.15%	0.37%
Sep-21	\$422,085,711	0.89%	2.41	0.09%	0.48%
Oct-21	\$444,308,528	0.87%	2.35	0.10%	0.67%
Nov-21	\$440,701,772	0.84%	2.38	0.13%	0.71%

Comparison of Combined Portfolio Yield, BAML 1-5 Year Treasury Index², and NV LGIP³



1. Security book values include Core Portfolio, Liquid Portfolio, and Liquid Funds, excluding accrued interest and balances in the reserve funds.
2. Source: ICE Bank of America/Merrill Lynch Global Bond Indices
3. Source: Nevada State Treasurer's website. Monthly net distributed interest rate.
4. The portfolio yield and duration exclude Liquid Funds.

City's Investment Objectives

- **Investment Objectives:** In accordance with the City's Investment Policy, the City's primary objectives in order of priority are:
 - **Safety** – Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
 - **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** The City has sufficient funds to meet expenditures for the following six-month period.

Portfolio Information Summary

Funds Included in Report

- The following report includes the City's funds held in overnight investment vehicles (savings accounts, money market funds, and Nevada Local Government Investment Pool) and portfolios of individual fixed income securities (Core Portfolio and Liquidity Portfolio).

Portfolio Summary and Characteristics

- Funds are shown on an amortized cost, and market value basis.
 - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
 - Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.
- The investment sector, maturity, and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

- The maturity distribution of the City's funds (market value plus accrued interest) from one-day to the ten-year mandated limit.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that the City has funds to meet its cash flow needs.

Portfolio Yield Summary

- The historical yield and duration of the City's funds, monthly net distribution rate for the Nevada Local Government Investment Pool (NV LGIP), and the monthly yield for the Bank of America/Merrill Lynch 1 – 5 year Treasury Index is shown for the trailing six months.
- A historical record of the City's overall fund balance and earnings rates.

Investment Guidelines

- The City invests in permitted securities consistent with Nevada Revised Statutes (NRS) Chapter 355.170 – 355.200 and the Reno Municipal Code. The City’s Investment Policy includes additional sector allocation and maturity restrictions that reflect the City’s risk tolerances.

Security Type	Nevada Government Code	City’s Investment Policy
U.S. Treasury Notes	✓	✓
Federal Agencies	✓	✓
Supranationals	✓	✓
State and Local Municipal Obligations	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers’ Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements		
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Nevada Local Government Investment Pool (NV LGIP)	✓	✓

Disclaimer

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